

# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

Los Angeles County  
Board of Supervisors

April 12, 2011

19

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Gloria Molina  
First District

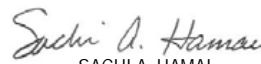
Mark Ridley-Thomas  
Second District

Zev Yaroslavy  
Third District

Don Knabe  
Fourth District

Michael D. Antonovich  
Fifth District

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Mitchell H. Katz, M.D.  
Director

John F. Schunhoff, Ph.D.  
Chief Deputy Director

Dear Supervisors:

## REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT (ALL DISTRICTS) (3 VOTES)

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Los Angeles, CA 90012

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[www.dhs.lacounty.gov](http://www.dhs.lacounty.gov)

*To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners*

### SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement. The compromise offers of settlement referenced below are not within the Director's authority to accept.

### IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number LAC+USC MC – Various \$3,554
- (2) Account Number H-UCLA MC – 0854640 \$5,000
- (3) Account Number H-UCLA MC – Various \$5,000
- (4) Account Number LAC+USC MC – 0235332 \$7,250

Trauma patients who received medical care at non-County facilities:

- (5) Account Number EMS - 514 \$4,847



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Total All Accounts: \$25,651

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Patients who received medical care at a County facility: The compromise offers of settlement for patient accounts (1) - (4) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Trauma patients who received medical care at non-County facilities: The compromise offer of settlement for patient account (5) is recommended because the County has agreements with certain non-County medical facilities under which it pays for trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such trauma care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

This will expedite the County's recovery of revenue totaling approximately \$25,651.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, your Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by your Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that

contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma Fund.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: APRIL 12, 2011

<b>Total Gross Charges</b>	\$27,710	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$27,710	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$3,554	<b>% Of Charges</b>	13 %
<b>Amount to be Written Off</b>	\$24,156	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient gross charges of \$27,710 for medical services rendered. The patient has restricted Medi-Cal that did not cover the services provided. No other coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees *</b>	\$6,000	\$6,000	40 %
<b>Lawyer's Cost</b>	\$1,892	\$1,892	12 %
<b>LAC+USC Medical Center **</b>	\$27,710	\$3,554	24 %
<b>Other Lien Holders **</b>	\$1,070	\$1,000	7 %
<b>Patient</b>	-	\$2,554	17 %
<b>Total</b>	-	\$15,000	100 %

\* Attorney's fee of 40% was agreement upon in the retainer's agreement between the patient and his attorney. Additional, the attorney had done extensive work to prepare for trial.

\*\* Lien holders are receiving 31% of the settlement (24% to LAC+USC Medical Center and 7% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost with the patient receiving the remaining 17%.

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

### DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: APRIL 12, 2011

<b>Total Gross Charges</b>	\$64,246	<b>Account Number</b>	0854640
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$64,246	<b>Date of Service</b>	6/02/10 - 6/08/10
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	8 %
<b>Amount to be Written Off</b>	\$59,246	<b>Facility</b>	H-UCLA Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient gross charges of \$64,246 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$5,000	\$5,000	33.33 %
<b>Lawyer's Cost</b>	-	-	-
<b>H-UCLA Medical Center</b>	\$64,246	\$5,000	33.34 %
<b>Other Lien Holders</b>	-	-	-
<b>Patient</b>	-	\$5,000	33.33 %
<b>Total</b>	-	\$15,000	100 %

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: APRIL 12, 2011

<b>Total Gross Charges</b>	\$104,755	<b>Account Number</b>	Various
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient & Outpatient
<b>Balance Due</b>	\$104,755	<b>Date of Service</b>	Various
<b>Compromise Amount Offered</b>	\$5,000	<b>% Of Charges</b>	5 %
<b>Amount to be Written Off</b>	\$99,755	<b>Facility</b>	H-UCLA Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$104,755 for medical services rendered. No coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$5,000	\$5,000	33 %
<b>Lawyer's Cost *</b>	\$278.26	-	-
<b>H-UCLA Medical Center **</b>	\$104,755	\$5,000	33 %
<b>Other Lien Holders **</b>	\$450	\$450	4 %
<b>Patient</b>	-	\$4,550	30 %
<b>Total</b>	-	\$15,000	100 %

\* The attorney agreed to waive his cost.

\*\* Lien holders are receiving 37% of the settlement (33% to H-UCLA Medical Center and 4% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to H-UCLA Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4  
DATE: APRIL 12, 2011

<b>Total Gross Charges</b>	\$62,484	<b>Account Number</b>	0235332
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$62,484	<b>Date of Service</b>	11/16/09 – 11/28/09
<b>Compromise Amount Offered</b>	\$7,250	<b>% Of Charges</b>	12 %
<b>Amount to be Written Off</b>	\$55,234	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient gross charges of \$62,484 for medical services rendered. The patient qualifies for Section 1011 coverage so DHS will refund any payments received from Section 1011 once payment from this settlement is received. No other coverage was found for the patient. The patient's third party liability (TPL) claim settled for \$25,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Lawyer's Fees</b>	\$8,333	\$8,333	33 %
<b>Lawyer's Cost</b>	\$538	\$538	2 %
<b>LAC+USC Medical Center *</b>	\$62,484	\$7,250	29 %
<b>Other Lien Holders *</b>	\$1,888.33	\$1,000	4 %
<b>Patient</b>	-	\$7,879	32 %
<b>Total</b>	-	\$25,000	100 %

\* Lien holders are receiving 33% of the settlement (29% to LAC+USC Medical Center and 4% to others).

Based on DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

### DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5  
DATE: APRIL 12, 2011

<b>Total Charges (Providers)</b>	\$70,271	<b>Account Number</b>	EMS 514
<b>Amount Paid to Provider</b>	\$18,782	<b>Service Type / Date of Service</b>	Inpatient & Outpatient 9/1/09 - 9/3/09
<b>Compromise Amount Offered</b>	\$4,847	<b>% of Payment Recovered</b>	26%

### JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Long Beach Memorial Medical Center and incurred total inpatient and outpatient gross charges of \$70,271 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$18,782. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement (\$15,000)</b>
<b>Attorney fees</b>	\$5,000	\$5,000	33.4 %
<b>Lawyer cost</b>	\$307	\$307	2.0 %
<b>Los Angeles County</b>	\$70,271	\$4,847	32.3 %
<b>Patient</b>		\$4,846	32.3 %
<b>Total</b>		\$15,000	100 %

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 26% (\$4,847) of amount paid to Long Beach Memorial Medical Center.